

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 92-131-C - ORDER NO. 92-578 ✓
JULY 17, 1992

IN RE:	Application of Eastern Telecom)	
	Corporation for a Certificate)	ORDER
	of Public Convenience and Necessity)	GRANTING
	to Provide Resold Telecommunications)	CERTIFICATE
	Services, including Operator Services,)	
	Within the State of South Carolina.)	

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of Application of Eastern Telecom Corporation (Eastern Telecom or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. Eastern Telecom's Application was filed pursuant to S.C. Code Ann. §58-9-280 (1976) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed the Company to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of the Company's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to

Intervene were filed by the Consumer Advocate for the State of South Carolina (the Consumer Advocate), and by Southern Bell Telephone & Telegraph Company (Southern Bell).

A hearing was commenced on July 7, 1992, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Rudolph Mitchell, Vice-Chairman, presided. Richard C. Moore, Esquire, represented Eastern Telecom. Carl F. McIntosh, Esquire, represented the Consumer Advocate. Caroline N. Watson, Esquire, represented Southern Bell; and Gayle B. Nichols, Staff Counsel, represented the Commission Staff.

At the beginning of the hearing, Southern Bell announced that it had entered into a stipulation with Eastern Telecom. Hearing Exhibit 1. The terms of this Stipulation are as follows:

- (1) Any grant of authority should clearly be for interLATA services only.
- (2) If any intraLATA calls are inadvertently completed by the carrier, the carrier should reimburse the LEC pursuant to the Commission's Order in PSC Docket No. 86-187-C.
- (3) All operator services should be only for interLATA calls and any "0+" or "0-" intraLATA calls should be handed off to the LEC.
- (4) Nothing in 1, 2, or 3 above shall prohibit Eastern Telecom Corporation from offering any services authorized for resale by tariffs of facility based carriers approved by the Commission.

After introducing the Stipulation into evidence as Hearing Exhibit 1, Southern Bell withdrew its participation in the case.

FINDINGS OF FACT

1. Eastern Telecom is a corporation incorporated in the State of Virginia and is authorized to do business in the State of South Carolina. Eastern Telecom is a switchless reseller which provides interstate, interexchange long distance telephone service. It offers intrastate interexchange telecommunications services on a resold basis by selecting and aggregating efficient transmission services offered by competing vendors. Eastern Telecom seeks a Certificate of Public Convenience and Necessity to operate as a reseller of interexchange services on an interLATA basis within the State of South Carolina.

2. Eastern Telecom presented the testimony of John D. Crawford, President of the Company. Mr. Crawford testified that Eastern Telecom has two primary lines of business in interstate services. First, he explained that it plans to provide traditional direct dial (1+) long-distance telecommunications services to business customers. Second, Mr. Crawford testified Eastern Telecom intended to provide automated "0+" operator-assisted services in South Carolina. Mr. Crawford said Eastern Telecom proposes to provide only two types of "0+" automated operator-assisted calls: customer dialed collect calls and customer dialed calls billed to telephone calling cards. He explained that all other calls which require the assistance of a live operator will be routed to a certificated interexchange carrier. Mr. Crawford stated Eastern Telecom complies with the standards required by the Telephone Operator Consumer Services Improvement Act of 1990. He specified

that Eastern Telecom would not block a caller's ability to access other carriers.

3. Mr. Crawford testified that Eastern Telecom would provide South Carolina consumers with a competitive long distance price and high technical quality.

4. Eastern Telecom is certificated to provide intrastate telecommunications services in New York and Maryland and provides intrastate telecommunication services in five other states where certification is not required. For the fiscal years ending April 30, 1990 and April 30, 1991, Eastern Telecom had a net income of \$85,086 and \$75,244, respectively.

CONCLUSIONS OF LAW

1. The Commission concludes that Eastern Telecom has the experience, capability, and financial resources to provide the service described in its Application and by Mr. Crawford's testimony.

2. The Commission concludes that South Carolina telephone users and the State itself will benefit by the services intended to be provided by Eastern Telecom. Accordingly, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Eastern Telecom to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs approved by the Commission.

3. The Company shall block or switch to the local exchange company all intraLATA calls which are attempted over its network. Should Eastern Telecom complete any unauthorized intrastate intraLATA calls, the Company will be required to compensate the local exchange companies for the unauthorized calls it carries pursuant to Commission Order No. 86-793 in Docket No. 86-187-C.

4. The Commission adopts a rate design for Eastern Telecom for its resale services which includes only maximum rate levels for each tariff charge. For intrastate interLATA "0+" collect and calling card calls, Eastern Telecom may not impose a fixed operator service charge more than the comparable intrastate charges then currently approved for AT&T Communications and, for the usage portion of the call, Eastern Telecom may not charge more than the intrastate rates charged by AT&T Communications at the time such call is completed. [A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. IN RE: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).] The Commission adopts Eastern Telecom's proposed maximum rate tariffs.

5. Eastern Telecom shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Eastern Telecom shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate

level reflected in the tariff which would be applicable to the general body of Eastern Telecom's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1991).

6. An end user should be able to access another interexchange carrier or operator service provider if they so desire.

7. Eastern Telecom is allowed to incorporate in its tariff a surcharge for automated operator-assisted calls not to exceed \$1.00 for calls originated at hotels and motels and if such surcharge is requested by the customer. If such a charge is applied, it should be paid in its entirety to the customer by Eastern Telecom.

8. Eastern Telecom is required to provide "tent" cards to hotels and motels for placement next to guest telephones identifying it as the provider of operator service for intrastate interLATA distance calls. Eastern Telecom is required to brand all calls identifying itself as the carrier for the hotel or motel.

9. Eastern Telecom shall file its tariff and an accompanying price list in a loose leaf binder to reflect the Commission's findings within thirty (30) days of the date of this Order. Eastern Telecom's provisions regarding advance payments and deposits, if any, shall comply with 26 S.C. Regs. 103-621 (Supp. 1991).

10. Eastern Telecom is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined

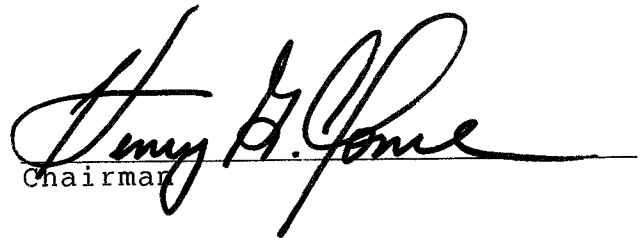
that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

11. Eastern Telecom shall resell the services of only those interexchange carriers or local exchange carriers authorized to do business in South Carolina by this Commission. If Eastern Telecom changes underlying carriers, it shall notify the Commission in writing.

12. Eastern Telecom shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER
DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.

* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT
PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).